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May 25, 2005

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EX PARTE PRESENTATION

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *Ex Parte Presentation* in CC Docket No. 96-45

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission rules, 47 C.F.R. § 1.1206, Puerto Rico Telephone Company, Inc. ("PRT") hereby submits this letter summarizing an *ex parte* presentation yesterday, May 24, 2005, in the above-referenced docket. Gregory J. Vogt, Bradley K. Gillen, and myself, counsel, met with Michelle Carey from Chairman Kevin Martin's office to discuss PRT's proposed non-rural insular high-cost support mechanism and related filings in this proceeding, including a Petition for Clarification and/or Reconsideration filed on January 14, 2004. The substance of the meeting was consistent with PRT's prior filings in the above-referenced docket.

Respectfully submitted,

/s/Nancy J. Victory

Nancy J. Victory

Enclosure

cc: Michelle Carey

**STATEMENTS OF CHAIRMAN MARTIN
AND COMMISSIONERS COPPS AND ADELSTEIN SUPPORTING
UNIVERSAL SERVICE SUPPORT FOR INSULAR AREAS**

Chairman Kevin J. Martin:

“The Commission also rejects the Puerto Rico Telephone Company’s (“PRTC”) proposal to treat non-rural carriers serving Alaska or insular areas as rural carriers for purposes of calculating and distributing high-cost support. The decision also fails to address the PRTC’s separate request—which has been pending for more than one year—that the Commission create a separate category of “non-rural insular” carriers for purposes of intrastate high-cost support. As a result of the Commission’s modification of its universal service program, the PRTC lost all of its high-cost loop support within in a four year period. The record demonstrates the unique challenges facing insular areas, such as Puerto Rico, that have exceedingly low subscribership rates and unusually high costs to deploy and maintain affordable service to underserved rural areas. *Based on this evidence, I believe that the Commission could have moved forward to grant the PRTC’s proposal.* Accordingly, I dissent to this part of the Order.”

- Statement of Commissioner Kevin J. Martin, Approving in Part, Concurring in Part, Dissenting in Part, *Federal-State Joint Board on Universal Service*, Order on Reconsideration, FCC 04-237 (Nov. 29, 2004) (emphasis added).

Commissioner Michael J. Copps:

“One issue mentioned in today’s decision strikes me as demanding our attention sooner, rather than later: insular areas. Since 1999, the Commission has had open and outstanding a Notice of Proposed Rulemaking on universal service issues affecting insular areas. While these areas may benefit from our present universal service support mechanisms, the Commission has acknowledged that it must address separately the communications needs of remote and insular communities. Indeed, Congress specifically directed the Commission to ensure that “[c]onsumers in all regions of the Nation, including low-income consumers and those in rural, *insular*, and high cost areas” have access to reasonably comparable services at reasonably comparable rates (italics in original). But the Commission has failed over time to give this phrase full meaning. *We are long past due to address this aspect of the statute and incorporate this concept in our universal service support system.* As we move forward and consider other universal service reforms, I hope that the Commission takes this statutory language into consideration.”

- Concurring Statement of Commissioner Michael J. Copps, *Federal-State Joint Board on Universal Service*, Order on Reconsideration, FCC 04-237 (Nov. 29, 2004) (emphasis added).

Commissioner Jonathan S. Adelstein:

“While I support efforts to reduce the Commission’s backlog, there are numerous fundamental universal service issues implicated here, including contribution methodology, the capping of the high cost fund, the sale of exchanges, and the *sufficiency of support for carriers in insular areas*. Each of these important subjects is raised more broadly in other open proceedings before the Commission. I hope that we move forward expeditiously with our consideration of those proceedings and my concurrence to this item does not prejudice my substantive policy position on the issues raised there.”

- Concurring Statement of Commissioner Jonathan S. Adelstein, *Federal-State Joint Board on Universal Service*, Order on Reconsideration, FCC 04-237 (Nov. 29, 2004) (emphasis added).